



## **What's Happening in Cambodia Market & Valuation**

### **Vol. 6 - October 2018 -**

#### **Envisioning a new trend of Skyscrapers**

高さ 210 メートルの Morgan Tower 構想(総工費 1 億 6 千万ドル)は首都プノンペンのスカイラインをまったく新しく塗り替えると期待されている。

*Learnt from: Realestate.com.kh (1<sup>st</sup> October, 2018)*

#### **Phnom Penh Remains the Most Preferred Location**

Realestate.com.kh 社の不動産年次調査によれば、カンボジアにおける不動産需要の 75% はプノンペンに向けられ、9%がシアヌークヴィル、5%がシェムリアップで、残り 11%は他の地域での購入とのことだ。

*Learnt from: Realestate.com.kh (2<sup>nd</sup> October, 2018)*

#### **IMF reports Real Estate Growth to slow in next Five Years**

国際通貨基金(IMF)は、今後到来する生産性上昇率の低下や、資金償還、不動産サイクルなどから、5 年程度の中期的スパンでみたカンボジアの不動産セクターは約 6%下落すると公表した。

*Learnt from: The Phnom Penh Post (04<sup>th</sup> October, 2018)*

#### **Ministry of Land Management to set measures for Land-price Updates**

国土整備・都市化・建設省(MLMUPC) は、土地公示価格を最新版に更新する予定だと公表したが、そこでは地域的な拡大も図っていくとの方針だ。

*Learnt from: Construction & Property (11<sup>th</sup> October, 2018)*

#### **How Convenience Stores and Minimarts shape Retail Markets**

カンボジアの小売りセクターは、近代化スピードが遅く、経済成長率が 7%と好調で国民一人当たり所得が\$1,500 に近づこうとしているにもかかわらず、コンビニエンス・ストア市場はアジアで最も未成熟ままとされている。

*Learnt from: Construction & Property (12<sup>th</sup> October, 2018)*

#### **AEON officially announces Location of Third Mall**

イオン・モール社は、イオン・モール 3 号店の出店を決定した。場所は、プノンペンの南方約 8Km の大規模開発地域-ING CITY の中心部で、敷地面積は 174,000 m<sup>2</sup>。

*Learnt from: Construction & Property (13<sup>th</sup> October, 2018)*

#### **Song Saa Reserve, Cambodia's largest Eco-tourism Area opens for Investors**

カンボジアにおける最大のエコ・ツーリズム地域であるソンサー保護地区(125ha 以上の土地面積と 80ha の湖からなる)で、投資家への門戸が正式に開かれた。開発は、Song



Saa Collective 社と CBRE Cambodia 社が共同で組織する Rosewood Phnom Penh 社によって進められる。

*Learnt from: Construction & Property (16<sup>th</sup> October, 2018)*

### **Japan, Korea help improve Quality, Safety in Cambodia Construction Sector**

カンボジアは、建築の質的向上、安全性向上について、日本と韓国から引き続き支援を受けることになった。日本政府は建設業界の安全性基準改善分野の支援を行い、韓国はカンボジア-韓国建設技術研究所(C-KICT)の建設計画を公表した。

*Learnt from: Realestate.com.kh (17<sup>th</sup> October, 2018)*

### **Property Investments take dive**

国土整備・都市化・建設省によれば、2018年1-9月に政府が許可した建設プロジェクトは2,541件、48億ドル超だったが、対前年同期比では14.47%減少した。また、前年同期の投資額は56億ドルを超えていた。

*Learnt from: The Phnom Penh Post (18<sup>th</sup> October, 2018)*

### **Three types of property in Phnom Penh show Post-election Positive Change**

コンドミニアム、オフィス、リテールの3分野における今年第3四半期のプノンペン不動産市場は肯定的な動きとなっている。7月の国政選挙後、ごコンドミニアムは1.8%、オフィスは約4.6%、リテールは1.8%増加した。

*Learnt from: Construction & Property (22<sup>nd</sup> October, 2018)*

### **Condos set off 'Golden Age' of Real Estate**

カンボジアはアジアで最も急速に成長している国の一つであり、土地価格の相対的な低さと明解な所有権制度にも支えられ、タイ、ベトナム、マレーシアなどと比べたコンドミニアムの価格上昇は非常に大きくなっている。

*Learnt from: Khmer Times (24<sup>th</sup> October, 2018)*

### **Capital's Condo Market**

CBRE 社によれば、2018年第3四半期のプノンペンでのコンドミニアム新規供給は218戸で、本年の累計は12,048戸となった。

*Learnt from: The Phnom Penh Post (25<sup>th</sup> October, 2018)*

## **Envisioning a new trend of Skyscrapers**



*Artist Impression of Morgan Tower*

The Kingdom's capital of Phnom Penh, often dubbed the Paris of the East, has its own upcoming business district that seems to be following in the footsteps of Lujiazui, the bustling new financial district of the world's second most populous city of Shanghai. Morgan Tower is one project on the horizon that will take the capital's skyline to a completely new level. The Morganford Group has been devoted to building up a business empire based in the commercial property, finance and healthcare sectors. The 210-metre Morgan Tower is expected to cost US\$160 million and will feature Super 5A office space, luxurious Sky Villas, honourable Air Club, ecologically intelligent "coat", a spacious parking lot and plenty of elevators and other business-level hallmarks to become a world-class asset and unforgettable landmark. Located in the heart of the capital's Diamond Island, Morgan Tower will be among some of the most expensive land in the country. The view itself will be worth the premium, however, as the high rise will host a panoramic view of the entire city, the riverside, government buildings and embassies in the same area. Morgan Tower's Super 5A office space offers up a luxurious 60,000 square metres and, along with the Sky Villa residential units, comprises the majority of the building's 85,000 square metres. Permanent freehold ownership is on offer in the project. Touted as the "dragon securing its diamond", Morgan Tower embraces the surrounding waterways of the Mekong, Bassac and Tonle Sap rivers. Traditional design, low energy costs, a modern eco-functioning outer wall, a trendy sky club, a 12-metre-high main hall, adjustable layouts, high-speed elevators and top-

notch property management will bring the utmost value to residents and visitors alike. The first 31 storeys of Morgan Tower are home to the Super 5A office space, above which sits eight storeys of Sky Villas. The building is capped off by three storeys of clubs and everything is connected by 15 high-speed elevators. Each of the building's floors is approximately 2,000 square metres and comes equipped with air conditioning, glass wall for a spectacular view, custom design elements, smart home features and 17 security measures. Morgan Tower's club, taking up 4,000 square metres, presents a wealth of deluxe facilities including a rooftop sky bar, Michelin-class restaurant, infinity pool, VVIP room, helicopter pad and connected business centre. Two types of office space are on offer in Morgan Tower but layouts in both can be customised to fit the exact taste of their occupants. Type A spaces subtly separate active and quiet zones inside their 210 square metre floor plan. Type C, on the other hand, bring simplicity to their 161 square metre spaces, which are compact yet practical for large companies.

*Learnt from: [Realestate.com.kh](http://Realestate.com.kh) (1<sup>st</sup> October, 2018)*

## **Phnom Penh Remains the Most Preferred Location**

Amid breakneck property development in the Kingdom's capital city of Phnom Penh, number of real estate projects that are either nearing completion or in the pipeline are increasing in Sihanoukville and Siem Reap. Coastal Sihanoukville has been commanding the spotlight as of late, with China-backed projects such as casinos and hotels rapidly. According to [Realestate.com.kh](http://Realestate.com.kh)'s annual Real Estate Survey, however, Phnom Penh still commands the vast majority of property demand. Over 2,000 respondents were asked to rank the city or province where they were most likely to purchase property, a staggering 75 percent voted for the capital. Interestingly, though demand has grown for property in Sihanoukville over the past year, only 9 percent of poll takers reported that they were interested in buying there. Last year, the same metric stood at 8 percent. Further, demand for the country's main tourist hub, Siem Reap, drew

the attention of only 5 percent of respondents. Demand for the city that hosts the Angkor Wat temple complex was down from last year's report. Diving deeper into Phnom Penh's data, it can be seen that Sen Sok is the most high-demand district. Fourteen percent of those looking for property in the capital wanted to buy in Sen Sok district. This is a growth of 4 percent over last year. The only other district to see demand grow by that much was Por Sen Chey where just over 9 percent of capital shoppers were looking to buy. Aside from the three main Cambodia locations, secondary market such as Kampot, Kep, Poipet, Battambang and Kampong Cham are also seeing demand grow. This year's survey showed that 11 percent of those shopping for property were looking to buy somewhere besides Phnom Penh, Sihanoukville or Siem Reap. Key buyers are still Kingdom nationals followed by expatriates from Asian nations such as China, Vietnam, Korea, Thailand, Singapore and Taiwan. Additionally, interest from European nationals is also growing.

*Learnt from: Realestate.com.kh (2<sup>nd</sup> October, 2018)*

### **IMF reports Real Estate Growth to slow in next Five Years**

The International Monetary Fund (IMF) has predicted that growth in the Kingdom's real estate sector will slow in the next five years though government officials seem to disagree with the IMF's forecast. The IMF's Cambodian Economic Growth Report predicted that the country's economic growth will continue to remain robust for another few years, before falling to about six percent in the medium term due to subdued productivity growth, credit maturity and real estate cycles. Currently, the real estate and construction sectors are strong drivers of economic growth, but five years from now, other sectors are expected to drive growth more than real estate and construction. But now the construction sector is on the rise without signs of slowing. Reports from the Ministry of Land Management, Urban Planning and Construction showed investment capital in the construction sector for the first half of this year was some \$2.15 billion only, whereas it was over \$6.4

billion over the same period last year and \$5.26 billion in 2016.

*Learnt from: The Phnom Penh Post (04<sup>th</sup> October, 2018)*

### **Ministry of Land Management to set measures for Land-price Updates**

As land prices increasingly rise across the country, the Ministry of Land Management Urban Planning and Construction (MLMUPC) has announced plans to introduce a land-price update, according to an article published by *sabay* NEWS. An update on the land in the geographical will also be provided. The land-price update will act as a base for the General Department of Taxation (GDT) to set a tax rate that is in line with the land prices in the real estate market which is currently booming. At the same time, the government is also studying the current level of 'stamp duty', or property transfer tax rate which is, at present, considered low. Currently, properties in Cambodia are subject to two major taxes namely stamp duty at 4% and annual property tax at 0.01% of the land price.

*Learnt from: Construction & Property (11<sup>th</sup> October, 2018)*

### **How Convenience Stores and Minimarts shape Retail Markets**

The retail sector in Cambodia has been buoyed by ongoing economic growth, but retailers in Cambodia have been slower to modernize and the country remains as one of the most unsaturated convenience-store markets in Asia. Per-capita income is growing around 7% per year though in Cambodia and approaching the US\$1,500 level. At the same time, growth has been recorded in the convenience stores and supermarket categories. It is the trend that modern retail sales accounts for bigger proportion of total sales, from traditional venues such as small-scale grocery stores and wet markets. Major players such as Lucky Supermarket, Super Duper etc., and the boom of mini-market and convenience store that offers well-lit, air-conditioned stores with consistent high-quality offerings. They are also expanding into secondary markets to increase their presence. Although modern retails are opening at the accelerated rate,



the landscape of retail market in Cambodia is still dominated by small and medium-sized enterprises. Outside Phnom Penh, majority of the retail purchases in the country are still made in small and medium-sized, often family-owned enterprises. At present, the traditional retail channels still account for majority of retail sales of the market, but this number is forecasted to decline in the next 10 to 15 years. In a retail development prospective, investors are also favoring convenience stores since their return on investment is much higher than traditional supermarkets or hypermarkets, as the initial investment is much lower. Customers these days are willing to pay a 10-20% premium over prices at these smaller convenience shops for clean stores with higher-quality goods. Minimarts are typically larger, in the 150 to 200 square meters range. These days, many of the mini marts operated by AEON Maxvalu Express also boasts a product lineup on par with the supermarket, with fresh and processed foods available. In the long term, low-cost and low-price strategy that offered a wide variety of items will be able to attract more regular customers. In terms of operation, modern small-sized supermarket like AEON Maxvalu Express also enjoys the advantages in terms of capital, business strategy and an established global distribution chain. On the other hand, convenience store operators need to upgrade in order to remain competitive in the market. Other countries such as Thailand, their convenience store also provides services include commissions from selling mobile-phone cards, providing bill-payment services and also acting as a collection point for other consignments. In the future, high efficiently run convenience stores in prime locations, or those operated by premier retail developers will lead the way in the market. Going out to shop can be a frustrating experience for some, any convenience stores can expect steady business if they are near consumers' homes.

*Learnt from: Construction & Property (12<sup>th</sup> October, 2018)*

### **AEON officially announces Location of Third Mall**



*AEON MALL Co., Ltd*

Japan shopping mall developer AEON MALL Co., Ltd has officially announced the location of its third mall in Cambodia. According to a press release from the company in early October, 2018, the third shopping mall tentatively called AEON MALL Cambodia No.3 will be located in the heart of ING CITY, about 8 kilometres away from Phnom Penh. The mall will sit on a total area of 174,000 square metres which is larger than AEON Mall I (68000 square meters) and AEON SenSok (100000 square meters) combined. Facing the 60-metre wide Samdech Techo Hun Sen Boulevard, this third shopping mall will open in 2023. ING CITY is a suitable location with multiple development projects such as international schools and numerous residential apartments and villas, all of which will increase the population in the area further in future.

*Learnt from: Construction & Property (13<sup>th</sup> October, 2018)*

### **Song Saa Reserve, Cambodia's largest Eco-tourism Area opens for Investors**

Cambodia's largest eco-tourism area 'Song Saa Reserve' has officially opened its doors for investors following Rosewood Phnom Penh organized by property developer Song Saa Collective and real estate firm CBRE Cambodia. Located near Banteay Srey Temples in Siem Reap Province, the luxury 'Song Saa Reserve' development project will cover more than 125 hectares of land plus an 80-hectare lake set as a central feature. The project will see hotel and villa

residences integrate with a comprehensive series of sustainability-based initiatives, including educational centres, a solar farm and restored sections of indigenous rainforest. CEO and Co-Founder of the Song Saa Collective Mr Rory Hunter said that Song Saa Reserve is the largest eco-tourism project in Cambodia which focuses on 'ethical tourism'. Song Saa Reserve is now open for investors who are interested in developing hotels or other hospitality-related projects in the area in accordance with the principle of "sustainable development". Under the management of Song Saa Collective, investors can lease the area for a period of up to 50 years in the form of 'freehold leasing'. With more than 120 hectares of leasing area divided into 19 plots, investors can lease plots range in size from 3.1 hectares to 18.6 hectares.

*Learnt from: Construction & Property (16<sup>th</sup> October, 2018)*

### **Japan, Korea help improve Quality, Safety in Cambodia Construction Sector**

Cambodia continues to get help from Japan and Korea recently offering to improve quality and safety in the Kingdom's construction and property sector. Last year, Korean investments in Cambodia reached \$4.5 billion, investors including Booyoung Town, Yon Woo Co Ltd and World City Co. Japan also has substantial property investments in Cambodia, with the two largest shopping malls in the country, Aeon Mall and Aeon Mall 2, built by the renowned Japanese mall developer Aeon. Other major Japanese real estate developers and investors in Cambodia include Creed and Arakawa. The Japanese government, Labor Ministry, and International Labor Organization (ILO) are working on a project aimed at improving safety standards in the construction sector. The first phase of the project, which is focused on the general labour sector, concluded in 2017, and the partners are now discussing phase two, which solely focuses on people working in the Kingdom's construction sector. With Cambodia in the middle of one of the world's fastest buildings booms, more and more locals are working in the construction and property sector. The sector currently employs 250,000 to 260,000 people. Part of the project, it is

pushing for more laws regulating safety and more on-site training for construction workers and their employers. The Koreans, meanwhile, have announced plans to build a Cambodian-Korean Institute of Construction Technology (C-KICT). The institute's stated goal is to help and guide the Ministry of Public Works and Transport maintain and improve standards of construction quality. Korea is known for maintaining high construction standards, and Cambodia will definitely benefit from the technical assistance that Korean engineers and builders can extend. As of this year, Cambodia has more than 50,000 kilometres of road, more than half of which is classified as rural or provincial. A substantial part of the Kingdom's roads is in poor or bad condition. The Korean Institute of Construction Technology (KICT), which is responsible for Korea's modern-day construction standards, will spearhead the establishment of the C-KICT. The exact location and timeline for the project have yet to be revealed.

*Learnt from: Realstate.com.kh (17<sup>th</sup> October, 2018)*

### **Property Investments take dive**

According to the report by the Ministry of Land Management, Cambodia's construction investment value dropped more than 14 per cent in the first nine months of the year compared with the same period last year. From January to end-September, the government approved a total of 2,541 construction projects valued at just over \$4.8 billion – a fall of 14.47 per cent from more than \$5.6 billion in the same period last year. Over the nine months, 92 new buildings from five stories and above were built in Phnom Penh and as of 2005 until now, there are 1,084 such buildings. Century 21 Mekong Co Ltd CEO Chrek Soknim stated that a slight decrease in value in the construction sector is a common issue because all major projects take at least two to three years to complete. Last year, the ministry approved a total of 3,052 construction projects with more than \$6.428 billion in value compared with \$5.256 billion in 2016, according to the report.

*Learnt from: The Phnom Penh Post (18<sup>th</sup> October, 2018)*

### **Three types of property in Phnom Penh show Post-election Positive Change**

Three types of property, condominium, office and retail markets, in Phnom Penh showed positive change in the third quarter following the national elections in July, according to a press release from CBRE Cambodia. Following the smooth elections recently held, buyer demand for off-plan condominiums has remained positive with enquiry numbers increasing. The condominium market in Phnom Penh in the third quarter of 2018 saw a slight increase in completed supply within the condominium sector, a rise of 1.8% to a total of circa of 12,048 units. In addition, 6 new condominium projects launched, adding a further 2,374 units to the supply pipeline, a 5.2% increase in new launches. Office supply in Phnom Penh has increased slightly in Q3 2018 while Keystone added just over 15,500 square metres to Grade-B supply, marking a growth in total office stock of circa 4.6%. By the end of this year, an additional 56,937 square metres of office space will be introduced into the market. For the retail market, there has been a marginal increase in completed supply of 1.8% in Q3.

*Learnt from: Construction & Property (22<sup>nd</sup> October, 2018)*

### **Condos set off 'Golden Age' of Real Estate**



*Cambodian Condos*

Cambodia is considered one of the fastest growing economies in Asia. Condominiums, which represent a new trend in the Kingdom, are gaining steam and catching the eye of local buyers. Before last year, most new developments were centered either near the central business district or along major corridors such as Norodom or Hun Sen

boulevards. In the second half of last year, strategic areas such as Sen Sok, Tuol Kork and Chroy Changvar districts saw a flurry of activity. The Kingdom is currently in a "golden age" of real estate and is offering huge value gains compared to Thailand, Vietnam and Malaysia. Two factors that make Cambodia unique in the region are affordable land prices and freehold ownership. A five-star unit in Cambodia can sell for between \$2,500 and \$3,500 per square metre when a similar property in Singapore would be priced closer to \$18,000 per square metre. Convenient location, good facilities and amenities, community lifestyle and flexibility were the main factors that led buyers to condos and if they wanted to rent out the condos they were often able to get returns of 8 percent per year. Condos offer high capital appreciation. Condos can be flipped into an apartment or hotel whereas other real estate investments can't be.

*Learnt from: Khmer Times (24<sup>th</sup> October, 2018)*

### **Capital's Condo Market**

According to CBRE Cambodia report, the property sector added 218 condominium units to the market during the third quarter of this year, bringing the total number of 12,048 in Phnom Penh. Two condominium construction projects were completed in the third quarter, including Skylar Meridian in Chamkar Mon district and the Apennines project in Tuol Kork district and 80 per cent of the newly completed high-end condominiums are located in Chamkar Mon district. The number was far lower than in previous quarters as 1,200 condominium units were put on sale in the first quarter and 2,000 in the second. There were six condominium development projects – totalling 2,374 units – announced to begin construction in the third quarter – a 5.2 per cent increase from the quarter before. Buyers were mostly from Singapore, Malaysia, China and Hong Kong, though the market has attracted more local people due to the rise in living standards. The monthly rent of a high-end condominium in the third quarter was at \$14.3 per sqm on average and \$11.6 per sqm for a mid-range one. Most condominium development project investors in



Phnom Penh are Chinese, as are their customers. Ministry of Land Management, Urban Planning and Construction reports showed that during the first nine months of this year, construction investment capital in Cambodia was valued at \$4.8 billion, down from \$5.6 billion during the same period last year – a 14.47 per cent fall.

*Learnt from: The Phnom Penh Post (25<sup>th</sup> October, 2018)*